



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: October 13, 2005 REPORT NO. 05-201

ATTENTION: Land Use and Housing Committee
Agenda of October 19, 2005

SUBJECT: Torrey Highlands Public Facilities Financing Plan and Facilities Benefit Assessment

REFERENCE: "Torrey Highlands Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2006," September 2005 Draft

SUMMARY

Issues - Should the Council: 1) adopt the Torrey Highlands Public Facilities Financing Plan (PFFP) for Fiscal Year 2006; 2) adopt a Resolution of Intention to designate an area of benefit for Facilities Benefit Assessments (FBA) in Torrey Highlands; 3) adopt a Resolution of Designation; and 4) approve the setting of Development Impact Fees (DIF) consistent with the FBA in Torrey Highlands for those developments which have never been assessed or otherwise agreed to pay an FBA?

Manager's Recommendation - Adopt the four resolutions.

Planning Commission Recommendation - None.

Community Planning Group Recommendation - No planning group has been formed in Torrey Highlands.

Environmental Impact – This activity is not a “project” and is therefore not subject to CEQA.

Fiscal Impact - Approval of this Public Facilities Financing Plan and Facilities Benefit Assessment will continue to provide a funding source for the public facilities identified in the subarea plan.

Code Enforcement Impact - None by this action.

Business Impact Statement - The assessments in the Torrey Highlands subarea have been increased only by the anticipated rate of inflation and should therefore have little unanticipated impact on business.

BACKGROUND

Council Policy 600-36 calls for an annual review of all existing Facilities Benefit Assessments. This is the annual review and will serve as the basis for the Capital Improvement Program as it pertains to programming FBA funds in Torrey Highlands (Subarea IV) over the next seven year period. The most recent review of the Torrey Highlands Public Facilities Financing Plan and Facilities Benefit Assessment was approved by Council on May 11, 2004, by Resolution R-299203. This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates that Fiscal Year 2004 plan.

DISCUSSION

The Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of the Torrey Highlands area which is presently estimated to be by the year 2010. Torrey Highlands is a partially developed community, with some of the community facilities in place. Facilities needs have been determined based on what will be required by the projected population of Torrey Highlands at full community development. The facilities required include a library, fire stations, a community park and two neighborhood parks, numerous trails, and major transportation facilities. Many of the facilities listed are located in and shared with neighboring community planning areas as identified in the respective project descriptions. Cost allocations have been made based on planned development limits.

The revised Financing Plan for development in Torrey Highlands identifies total remaining project needs estimated at \$244,167,866. The funding sources for these projects are broken down as follows:

<u>Amount</u>	<u>Funding Source</u>	<u>Percentage of Total</u>
\$114,275,916	Assessments (FBA)	46.8%
\$3,850,582	Subdividers	1.6%
\$126,041,368	Other	51.6%

The proposed assessments for Fiscal Year 2006 are as follows:

Single-family dwelling unit	\$63,079
Multi-family dwelling unit	\$44,157
Local Mixed-use Acre	\$509,048
Commercial Acre	\$380,366
Limited Commercial Acre	\$112,911
Institutional Acre	\$94,619
Employment Center Acre	\$339,283

The proposed assessment for Fiscal Year 2006 is based on estimated costs of facilities to be funded by this program, increased by an inflation factor of 7 percent for Fiscal Years 2006 and 2007 and a factor of 4 percent for the years beyond. It also takes into account cash on hand using a 2 percent interest rate in Fiscal Years 2006 and 2007 and 4 percent in the years beyond. The goal of the FBA is to insure that funds will be available in sufficient amounts to provide community facilities when needed.

Council has previously directed that the same assessment rates are appropriate Development Impact Fees for all properties in Torrey Highlands that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments. Therefore, it is recommended that the above proposed Fiscal Year 2006 Assessments also be adopted as Development Impact Fees for Torrey Highlands (see Attachment 2). The Facilities Benefit Assessment will be collected at the building permit issuance stage of development and deposited into special interest earning accounts for Torrey Highlands. Annually the Council receives a status report on the program and authorizes the appropriation of funds for construction of facilities which are programmed for the next fiscal year in the Capital Improvements Program budget.

The Torrey Highlands Transportation Phasing Plan limits development in the planning area until certain transportation improvements are assured. It is included as an appendix to the PFFP. The Plan requires that before the 36,100 average daily traffic (ADT) level in the community can be exceeded, the projects listed in Phase Four must be assured. Currently, the residential limitation of 18,100 ADTs has been reached and, therefore, issuance of residential building permits has ceased. The retail/commercial limitation of 18,000 ADTs has not yet been reached. Currently, development is limited due to the requirement to assure Improvement 20 of the Transportation Phasing Plan (I-5/SR56 Northbound Connectors). There may be a proposal by developers in the community to amend the Transportation Phasing Plan allowing additional development prior to assurance of this improvement. Action on this proposal will be considered at some time in the future.

The proposed Resolution of Intention will set a date for a public hearing on the Facilities Benefit Assessment. Prior to the public hearing, mailed notice will be given to all property owners within the proposed area of designation of the date of the hearing and their right to file a protest with the City Clerk prior to the start of the hearing. Notice will also be given by publication of the Resolution of Intention in the City's official newspaper. Unless overruled by a four-fifths vote of the Council, written protests by owners of more than one-half of the area of the property proposed to be included within the Area of Benefit shall cause the proceedings to be abandoned.

A letter advising of today's meeting was mailed to all property owners as shown on the last assessment roll, or otherwise known to staff.

ALTERNATIVES

Do not approve the proposed Public Facilities Financing Plan and Facilities Benefit Assessment or the setting of Development Impact Fees. This is not recommended because the new fees will insure that new development contributes its proportional share for new facilities identified in the community plan. In the absence of these fees, alternative sources would have to be identified to fund the share of the identified facilities attributable to new development.

Respectfully submitted,

S. Gail Goldberg, AICP
Planning Director

Approved: Ellen Oppenheim
Deputy City Manager

GOLDBERG/GH

Note: Attachment 1 is not available in electronic format. A copy for review is available in the Office of the City Clerk.

- Attachments: 1. Draft FY 2006 Torrey Highlands Public Facilities Financing Plan,
September 2005
2. Development Impact Fee Analysis

**TORREY HIGHLANDS PUBLIC FACILITIES FINANCING PLAN
(Development Impact Fee Analysis)**

- 1) What is the purpose of the Impact Fee? – The proposed Impact Fees are to ensure that new development provides its fair share funding for community public facilities.
- 2) What is the use to which the fee is to be applied? – The Impact Fees will be used to finance transportation, park, fire, library, water, and sewer facilities. A list of the public facilities projects begins on pages 23 of the Torrey Highlands Public Facilities Financing Plan.
- 3) What is the reasonable relationship between the fee's use and the type of development project on which the fee is imposed? – The Impact Fees will be used to provide for a fair share contribution for community infrastructure projects needed to serve both residential and non-residential development based on the increased intensity of their development. Credit will be given for any existing development.
- 4) What is the reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed?
 - Transportation Projects: Both residential development and non-residential development utilize the communities' transportation system which requires various street projects, traffic signal interconnect systems, landscaping and medians.
 - Park and Recreation Projects: Residential development utilizes the communities' parks and improvements are necessary based on the full community development and the General Plan guidelines to maintain the existing levels of service.
 - Fire Projects: Both residential and non-residential development utilizes fire department services.
 - Police Projects: Both residential and non-residential development utilizes police department services and a new station is necessary based on full community development to maintain the existing levels of service.
 - Water and Sewer Lines: Both residential and non-residential development utilizes water and sewer lines and new or expanded lines are necessary based on the population build-out to maintain the existing levels of service.
 - Library Projects: Residential development utilizes the community libraries.